



State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

October 28, 2004

Sid Hullinger
McFarland and Hullinger
Box 238
Tooele, Utah 84074

Subject: Acceptance of Notice of Intention to Commence Small Mining Operations and Formal Approval Form and Amount of Reclamation Surety, McFarland & Hullinger Company, Coyote Knoll # 1, 2 & 3 Mine, S/023/086, Juab County, Utah

Dear Mr. Hullinger:

Thank you for your Notice of Intention to Commence Small Mining Operations and initial \$150.00 permit application fee, received by the Division on August 10, 2004. The proposed Coyote Knoll #1, 2, & 3 Project is located in the NW1/4 NE1/4 of Section 5, T12S R6W, SLBM, Juab County, Utah. This project is located in a previously disturbed area once permitted under Newco Guyana Corp. A letter was sent releasing Newco from further responsibility for this site on August 25, 2004.

The Division finds your application complete and no additional information is required by this office at this time. On October 26, 2004, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety. The reclamation surety in the amount of \$50,000 is in the form of a surety bond issued by Travelers Casualty and Surety Co. of America, received October 26, 2004. ***The Division hereby grants its final acceptance of your small mining notice of intention and the reclamation surety for the Coyote Knoll #1, 2, & 3 Mine. You may commence with your mining operations as outlined, provided you have satisfied and received written acceptance from the Bureau of Land Management.***

We have enclosed copies of the fully signed and executed Reclamation Contract and surety bond forms for your files. We will forward a copy of the executed documents to the BLM state office for their records.

In accordance with the requirements of Rule R647-3-105, regarding the project location and disturbed area identification on a topographic map, ***the Division also requires the operator mark the proposed/actual disturbed area boundary (including access/haul roads) in the field with metal T-Posts (or other suitable, fixed markers) to assure that operations do not exceed the five acre limitation of this permit.*** Markers must be

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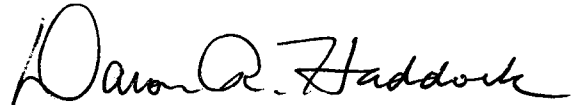
appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

The acceptance of this notice and surety is for a small mining operation only, **not to exceed 4.87 acres**. You are not authorized to disturb beyond the 4.87 acre identified in your notice and Reclamation Contract without first amending your notice, adjusting the bond amount and receiving written acceptance from this office as well as from the BLM.. If you wish to expand to a large mine status, approval typically takes up to six to twelve months or longer.

The Utah Mined Land Reclamation Act of 1975 [40-8-7(I)] provides the authority for fee implementation which was approved by the Utah Legislature at its 1998 session. Permit fees for a small mine is \$150.00 annually.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Tom Munson at 538-5321. Best wishes with your new mining venture. It is always a pleasure working with you and your company.

Sincerely,



Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb
Attachment: SMO summary
Enclosure: Copy of RC & surety forms
cc: Jerry Mansfield, BLM (UTU-072898-01) w/Encl
Opie Abeyta, BLM State Office, w/Encl
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